

Presentation at  
Legal & Ethics Conference  
Indiana Convention Center  
December 1, 2014

# Investigating Fraud, Waste, and Abuse

Brian D. Miller

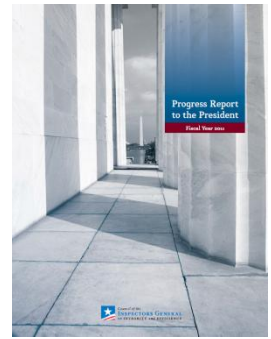
Formerly Inspector General, U.S. General Services Administration, Now Managing Director, Navigant

# Brian D. Miller

## **Brian D. Miller, Managing Director, Navigant**

- Former Inspector General, U.S. General Services Administration, Confirmed by the Senate 2005
- Former Assistant United States Attorney, EDVA
- Former Special Counsel on Healthcare Fraud to the Deputy Attorney General of the United States
- Former Senior Counsel to the Deputy Attorney General of the United States

# Federal IGs



- 72 IGs across the Federal government
- Provide the independent oversight of trillions of dollars in federal programs and operations.
- Investigative Receivables and Recoveries for Fiscal year 2013: \$14 billion.



# Federal Inspectors General



Monday, Sep. 25, 1978

Nation: Dismay at GSA

- Inspector General Act of 1978
  - Congress reactions partly to Watergate era revelations and partly to an ongoing scandal at GSA.
  - Dual reporting responsibilities: agency head and Congress
- The Inspector General Reform Act of 2008
  - Provided IGs with more independence.



- Audits
- Investigations: Safavian Case
- Forensic Auditing, Evaluation and Analysis



# The Washington Post

NEWS | LOCAL | POLITICS | SPORTS | OPINIONS | BUSINESS | ARTS & LIVING | GOING OUT GUIDE | JOBS | CARS | REAL ESTATE | SHOPPING

## GSA seeks to recover artwork produced in New Deal project

By Ed O'Keefe  
Washington Post Staff Writer  
Monday, June 7, 2010; A15

Government watchdogs spend most of their time tracking allegations of waste, fraud and abuse, but some investigators pursue long-lost or stolen government art.

A project quietly launched nine years ago by the agency responsible for most federal property is encouraging art dealers, auctioneers, museums and yard-sale customers to look out for paintings, drawings and sculptures produced by artists paid by the New Deal's Works Progress Administration.

During the Depression, the government paid artists as much as \$42 a week, resulting in more than 20,000 images of sandy beaches, snowy farmland and portraits of everyday people. Many submissions are still displayed at schools, libraries, hospitals and post offices. The art usually carries a WPA marker, and National Archives records can account for most of the pieces.

Responsibility for the art -- valued from \$3 to \$250,000 for a painting by John French Sloan -- was transferred to the General Services Administration when the WPA was dissolved after World War II. GSA's [Fine Arts Program](#) manages more than 19,000 paintings, murals and statues at federal buildings nationwide, because federal law requires government-owned buildings to display artwork.

But the office is also on the lookout for WPA art that was misplaced, stolen or given away when the program ended. GSA's inspector general got involved in 2001 when some of the art started showing up on eBay and at auction houses.



# Balancing Act: On Barbed Wire

- IG Act: IGs must “keep the head of such establishment and the Congress fully and currently informed.”
- Don’t want to compromise an investigation or audit.
- Elected officials: Congressional Relations.
- Media Relations: Inquiring minds want to know.
  - Deterrence
  - Accomplishments of the office

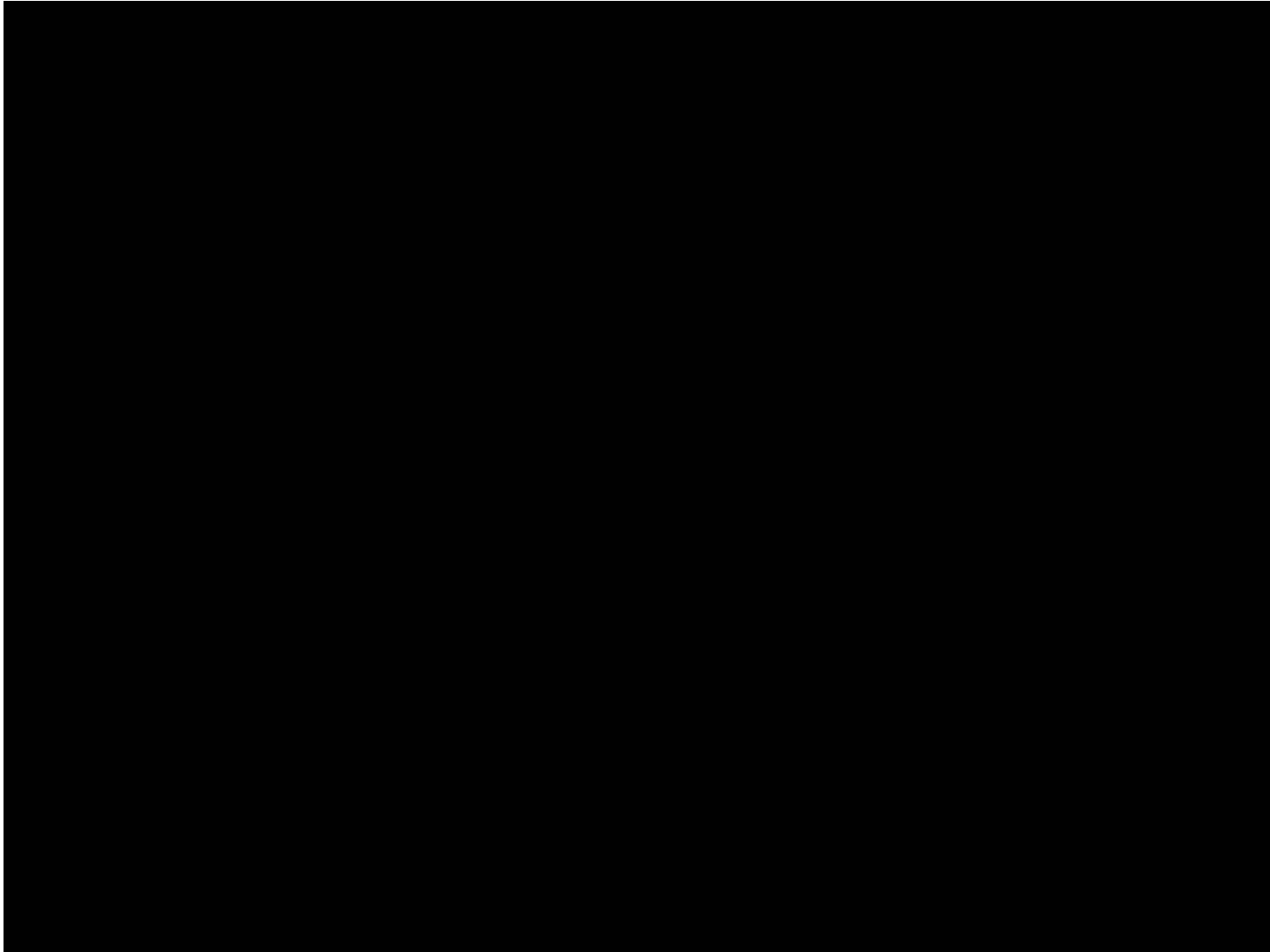
# Media Relations

- Deterrence
- PII Spill: “We’ve Fixed it.”
- Art Recovery Program: Lost & Stolen Art
- Local TV: Berryville
- Antiques Roadshow: Big Boost
- NPR
- Local NBC TV



# Federal IGs

- Find issues and hold agency officials accountable.
- Rules and regulations do matter.
- Sometimes agency officials do not agree and have difficulty admitting mistakes and accepting responsibility.
- “Sense of legal culpability.”



# Alert Report on Bannister

- Letter from the (Missouri) Dept. of Natural Resources (DNR) warning of serious environmental risks---not produced.
- Not produced to local media in FOIA docs.
- Environmental engineers in charge of managing environment risks referred for 1001 & obstruction.
- Townhall meetings.



# Las Vegas Conference

- GSA Western Regions Conference
- Interim Report
  - Unusual but necessary in light of the seriousness.
  - Stopping the spending
  - Stopping the travel

Meeting with RA

Telling the Deputy Administrator

# Western Regions Conference

## OIG found:

- Excessive, wasteful, and impermissible expenditures.
- GSA followed neither federal procurement laws nor its own policy on conference spending in many instances.



Office of Investigations  
Office of Inspector General  
U.S. General Services Administration

Management Deficiency Report:  
General Services Administration  
Public Buildings Service

**2010 WESTERN REGIONS CONFERENCE**

April 2, 2012

Phase	Description	Costs
Pre-Conference	Travel, Catering, Vendors, and Other Hotel Costs	\$136,504
Conference	Travel, Catering, and Vendors	\$686,247
<b>TOTAL</b>		<b>\$822,751</b>



# Conference Planning



<b>March '09</b>	Five GSA employees conducted a “scouting trip” to visit nine Las Vegas-area hotels.
<b>March '09</b>	Fifteen GSA employees returned to visit two of the nine hotels again, staying at the M Resort and the Ritz-Carlton.
<b>August '09</b>	Seven GSA employees stayed at the M Resort for a planning meeting.
<b>November '09</b>	A second WRC planning meeting, attended by 11 GSA employees, was held at the M Resort following Region 9’s leadership council meeting.
<b>March '10</b>	Sixteen GSA employees stayed at the M Resort again for a planning meeting.
<b>June '10</b>	Nine GSA employees attended another planning meeting, this one at a Marriott Hotel in Denver, Colorado.
<b>August '10</b>	Twenty-one GSA employees attended a conference planning meeting at the M Resort.
<b>October '10</b>	Thirty-one GSA employees traveled to the M Resort for a “dry run” of the conference to be held later that month.



- **\$130,000 to plan the conference**
  - **\$100,405 in employee travel costs**
  - **\$30,000 for “scouting trip” pre planning meetings, and dry run**
- **\$57.72 lunches and \$48.80 breakfasts**

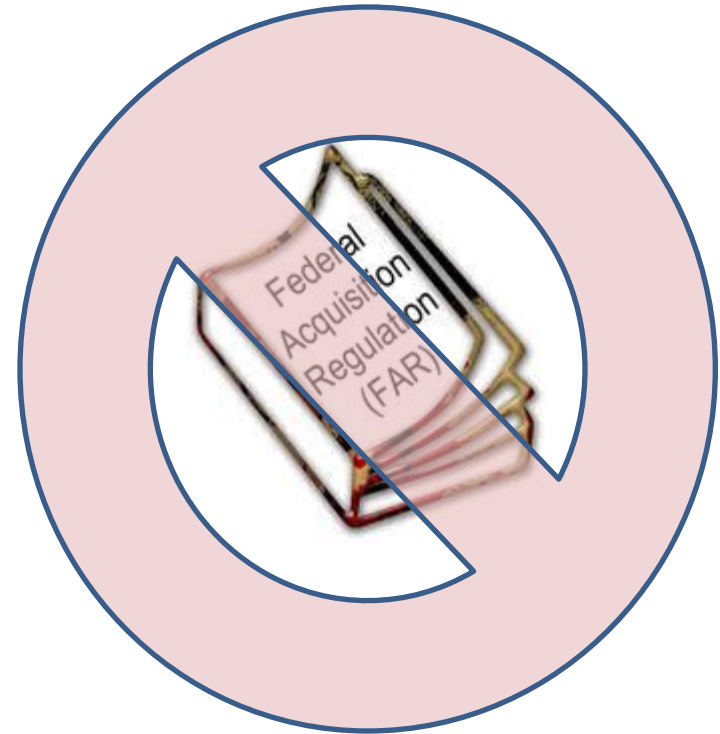
# Improper Contracting



GSA has several event planners,  
2 for this event



GSA told vendor how much  
contract would be, GSA's  
maximum price



GSA shared bid information



# Excessive Spending on Food

Food and Beverage Catering	Costs
Light Refreshments and Breakfast Buffets	\$ 79,511
In-Room Parties	\$ 5,600
Networking Reception	\$ 31,208
Cocktail Reception and Award Dinner	\$ 30,208
<b>TOTAL</b>	<b>\$146,527</b>



# Other Impermissible and Questionable Expenses



\$6,325

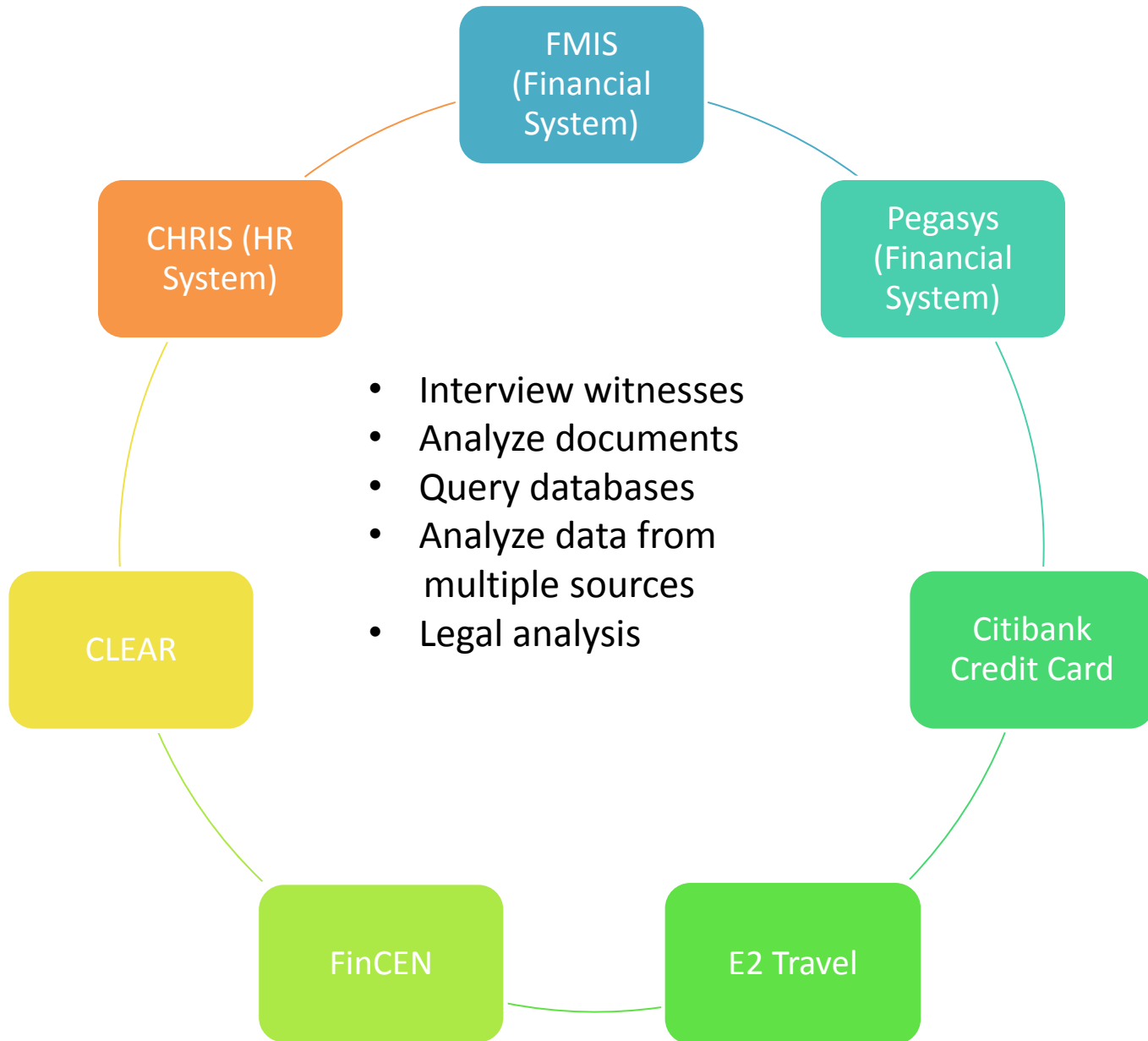












On Nov 29, 2011, at 11:11 AM, [REDACTED] wrote:

"Its yo birfday . . . . We gonna pawty like iz yo birfday!"

All sounds good. Need to check date line. . . . Do we gain or lose a day going to Guam? If so we will have to adjust sked. [REDACTED]

On Nov 29, 2011 9:43 AM, "Jeffrey Neely (9P)" [REDACTED] wrote:  
rough schedule per our conversation. guess this'll be your birfday present?

—— Forwarded message ——

From: Jeffrey Neely (9P) [REDACTED]

Date: Tue, Nov 29, 2011 at 9:41 AM

Subject: Guam and Saipan Visit

To: [REDACTED]  
[REDACTED]

Here's a rough idea of what I'm thinking. We've now heard from the judge who is available in Feb (except for week of Feb 12).

So we head to Hawaii. I'll probably go over on Saturday Feb 4. I will work in Honolulu on Monday Feb 5.

Head to Guam on Tues.

Wednesday in Guam.

Thursday to Saipan.

Friday Feb 10 leave saipan.

That gives us a couple of days each on Guam and Saipan.

[REDACTED]  
I hope this allow you to better target your trip and we'll also have some options as to when we see the judge in Saipan.

[REDACTED]  
Are you both good with this tentative schedule?

—  
Jeffrey E. Neely  
Regional Commissioner, PBS, GSA  
Pacific Rim Region (9A)







## Top GSA official tried to hide report on Vegas bash

Wanted to avoid 'muffin' scandal


COMMENTS (85)  SIZE: + / -  PRINT



By Jim McElhatton - The Washington Times

Tuesday, June 5, 2012



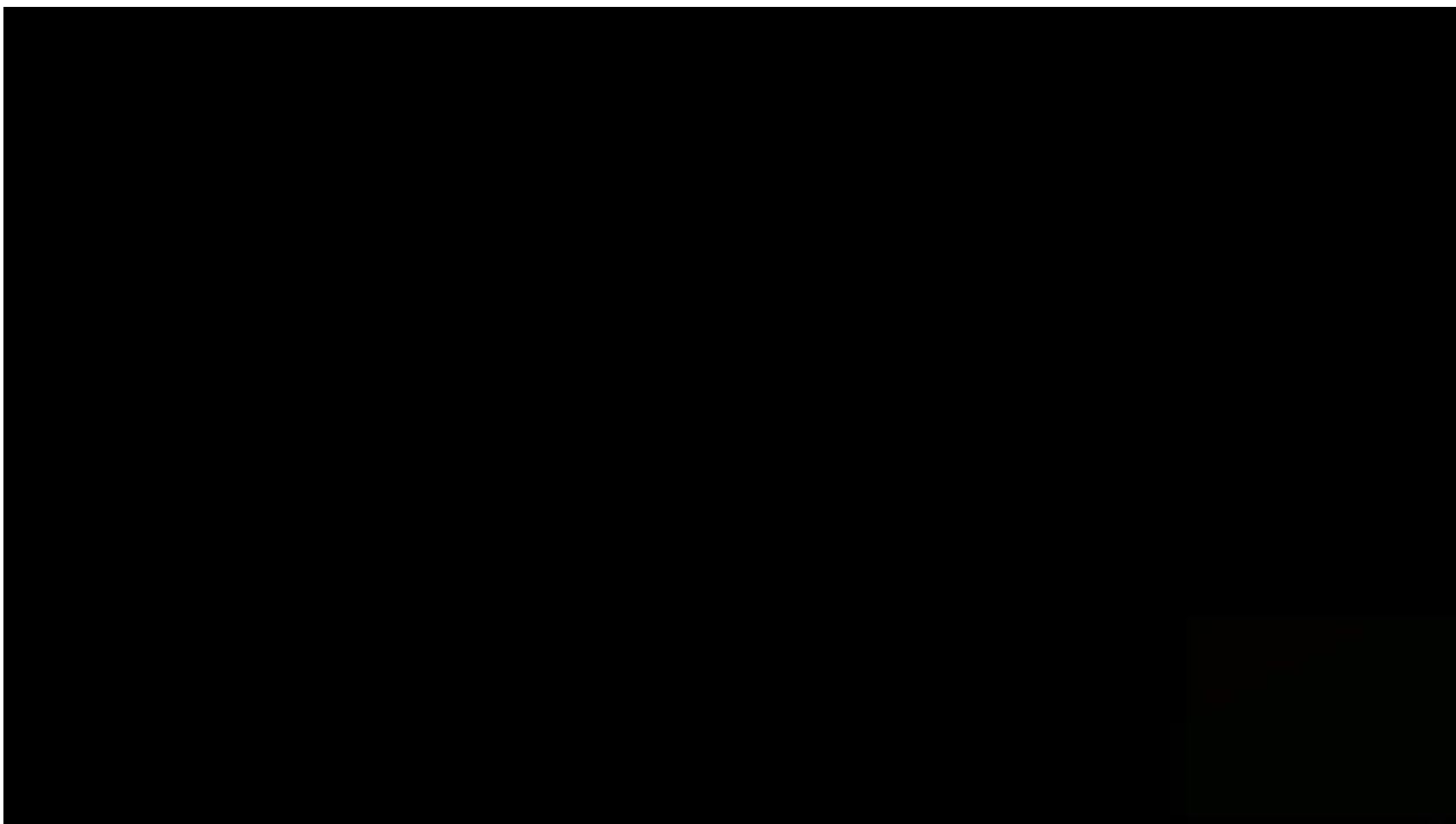
Enlarge Photo 

Some of the hundreds of snapshots posted on an internal GSA website ... [more >](#)

A top administrator at the [General Services Administration](#) who worked on President Obama's presidential transition team sought to keep secret the agency report that uncovered massive waste at a lavish taxpayer-funded [GSA](#) conference in Las Vegas, records show.

The 2010 conference, which cost \$823,000 and featured a mind-reader, clowns, magicians and a red-carpet party, forced the ouster of several top [GSA](#) officials after the agency's [Office of Inspector General](#) released its findings in April.

Is there something we can do to prevent another potentially embarrassing episode from unfolding, and keep this report from being made public?



## GSA chief resigns amid reports of excessive spending

By [Lisa Rein](#) and [Joe Davidson](#), Published: April 2

The chief of the General Services Administration resigned, two of her top deputies were fired and four managers were placed on leave Monday amid reports of lavish spending at a conference off the Las Vegas Strip that featured a clown, a mind reader and a \$31,208 reception.

Administrator [Martha N. Johnson](#), in her resignation letter, acknowledged a “significant misstep” at the agency that manages real estate for the federal government. “Taxpayer dollars were squandered,” she wrote. At the start of her tenure in February 2010 she called ethics “a big issue for me.”

Public Buildings Service chief [Robert A. Peck](#), a fixture in the Washington area real estate community on his second stint running the department, was forced out, along with Johnson’s top adviser, Stephen Leeds. Four GSA managers who organized the four-day conference in October 2010 have been placed on administrative leave, officials said.

The leadership collapse came hours before [GSA Inspector General Brian D. Miller released a scathing report](#) on the \$823,000 training conference, held for 300 West Coast employees at the M Resort and Casino, an opulent hotel in Henderson, Nev., just south of Las Vegas. From \$130,000 in travel expenses for six scouting trips to a \$2,000 party in Peck’s loft suite, event planners violated federal limits on conference spending.



"YOU ARE FEELING VERY, VERY...UM...DON'T TELL ME...I CAN GET THIS..."





# Fraud



“There is no kind of dishonesty into which otherwise good people more easily and frequently fall than that of defrauding the government.”

*-Benjamin Franklin*

“Sunlight is said to be the best of disinfectants; electric light the most efficient policeman.”

*- Justice Louis D. Brandeis*





# GSA is achieving greater efficiencies and more savings as a result of GSA OIG's work.

## GSA Saves More Than \$11 Million in Initial Travel and Conference Reforms

August 27, 2012

WASHINGTON — Today, the U.S. General Services Administration announced that the agency is projected to save more than \$11 million in taxpayer dollars through an initial set of policies implemented in April 2012 by the new head of the agency, Dan Tangherlini, to cut travel and conference costs. A financial audit showed that since April 2012 and through the rest of the fiscal year, more than \$11 million has been saved in meetings, conferences, trainings and travel costs. This is just one step in the ongoing top to bottom review of all agency operations.

"Four months ago we began a rigorous top to bottom review of all agency operations. We've made significant cuts in travel and conference spending and these savings are just the beginning," said GSA Acting Administrator Tangherlini. "We are deepening our commitment to promoting efficiency, driving steeper bargains, delivering better value, and creating greater opportunities for savings here at GSA and across the government."

To date, GSA has cancelled 47 conferences and implemented strong oversight to ensure that all travel and events are limited to necessary and essential functions. Tangherlini has consolidated oversight of conference and travel expenses in the new Office of Administrative Services.

Recently, Tangherlini also cut \$500,000 in executive bonuses and instituted a hiring freeze across the agency through the end of the fiscal year while his review of all agency operations is underway.

The new leadership at GSA will continue to make changes to make the agency more accountable, transparent, and efficient as part of the ongoing top to bottom review.

*Last Reviewed 08/27/2012*

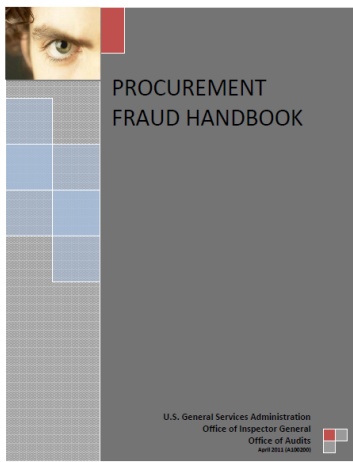
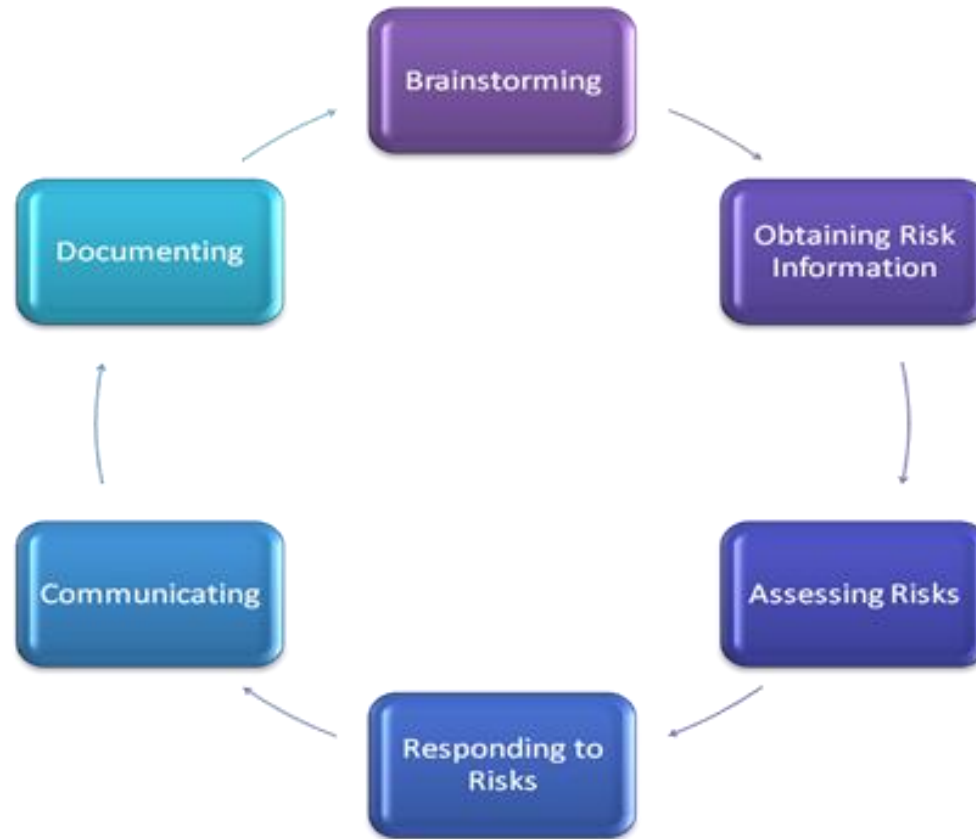
# Three Ways to Avoid a Scandal

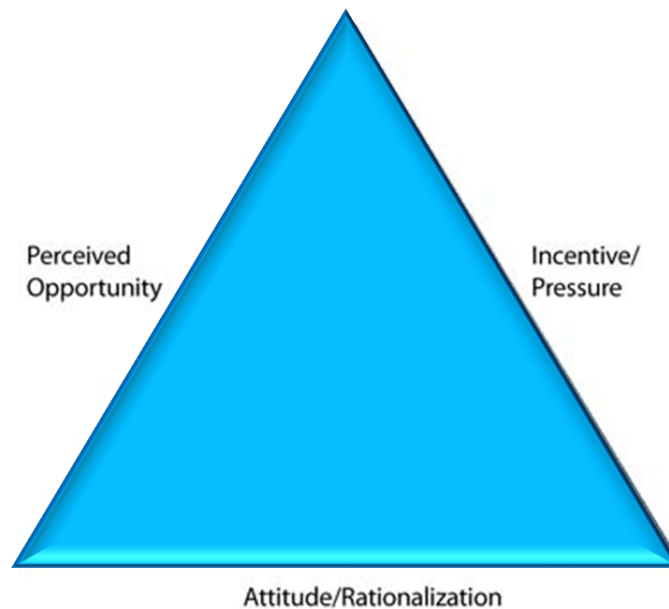
- Create a culture of integrity and adherence to the rules.
  - Don't cut corners.
- Acknowledge problems and admit mistakes.
  - Don't make excuses.
- Support oversight and accountability.
  - Don't rap about never being under OIG investigation.



"I'll never be under OIG investigation."

# Fraud Auditing Process





**Incentives/Pressure:** a reason to commit fraud

**Opportunity:** a lack of effective controls

**Rationalization/Attitude:** an attempt to justify fraudulent behavior



# Bribery

## Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Monday, October 24, 2011

### **General Services Administration Employee Sentenced to Prison for Role in Bribery Scheme as Part of Multi-Year Corruption Investigation**

*Eleven Federal Government Employees and Contractors  
Convicted and Sentenced as Part of Investigation into GSA  
Contracts*

WASHINGTON — A General Services Administration (GSA) customer service manager was sentenced today to 30 months in prison for his role in a bribery scheme related to payments he received for awarding GSA contracts to various government contractors, announced Assistant Attorney General Lanny A. Breuer of the Justice Department's Criminal Division, GSA Inspector General Brian D. Miller and Assistant Director in Charge James W. McJunkin of the FBI's Washington Field Office. Eric M. Minor, 45, was sentenced by U.S. District Court Judge Ricardo M. Urbina of the U.S. District Court for the District of Columbia, who also ordered him to pay \$118,000 in restitution.

Minor pleaded guilty in May 2011 to a one-count criminal information charging him with bribery. According to the information, from approximately October 2007 until November 2010, Minor served as a customer service manager in the District of Columbia and elsewhere. Minor was responsible for coordinating, planning, estimating, contracting and scheduling work for his field office — the Potomac Service Center — which is responsible for federal buildings and federal leased space in Virginia and the National Capital Region. During the relevant period, Minor devised and executed with others a scheme to obtain approximately \$118,000 in cash kickback payments for himself from six government contractors in exchange for using his official position to retain their companies to perform maintenance and construction work at GSA facilities that he managed.

This case marks the culmination of a multi-year covert investigation into corruption by government employees and civilian contractors involved in the award and administration of GSA contracts in the Washington, D.C., metro area. The investigation resulted in the conviction of 11 individuals, including Minor, all of whom pleaded guilty to federal criminal offenses including bribery and conspiracy.



## The Washington Post

### **GSA worker gets over 2 years in prison for kickback scheme**

By [Ed O'Keefe](#) and [Del Quentin Wilber](#), Published: October 25

It usually costs about \$70 to replace an exhaust fan, but federal watchdogs said a [General Services Administration](#) employee sentenced this week to more than two years in prison once paid a contractor \$2,150 for the job.

In return, the contractor slipped Eric Minor an envelope stuffed with \$1,000 in cash.

And when federal agents raided Minor's home in December, they discovered more than \$70,000 in cash — mostly \$20 bills — stuffed in a box, watchdogs said.

Minor, 45, who had previously pleaded guilty to one count of bribery, was the last of 11 GSA employees or contractors to be sentenced for their roles in separate bribery schemes, prosecutors said. His sentencing capped a seven-year probe by [the GSA's inspector general](#)'s office into the abuse of government-issued credit cards by GSA employees and contractors.

Over three years, prosecutors said that Minor collected about \$118,000 in kickback payments on work he awarded companies when he was a GSA customer service manager. The job required Minor to hire companies to make small repairs and alterations at space owned or leased by the GSA, which owns or operates most federal facilities in the Washington region. He paid for the work — up to \$2,500 per job — with a government-issued credit card, prosecutors said.



# Procurement Fraud vs. Street Crime



# Harrington Case



## NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY  
WESTERN DISTRICT OF MISSOURI

**MATT J. WHITWORTH**

Contact Don Ledford, Public Affairs • (816) 426-4220 • 400 East Ninth Street, Room 5510 • Kansas City, MO 64106  
[www.usdoj.gov/usao/mow/index.html](http://www.usdoj.gov/usao/mow/index.html)

AUGUST 13, 2009  
FOR IMMEDIATE RELEASE

### FORMER FEDERAL EMPLOYEE SENTENCED FOR EMBEZZLING NEARLY \$600,000

**KANSAS CITY, Mo.** – Matt J. Whitworth, Acting United States Attorney for the Western District of Missouri, announced that a former federal government employee was sentenced in federal court today for embezzling nearly \$600,000 from the government.

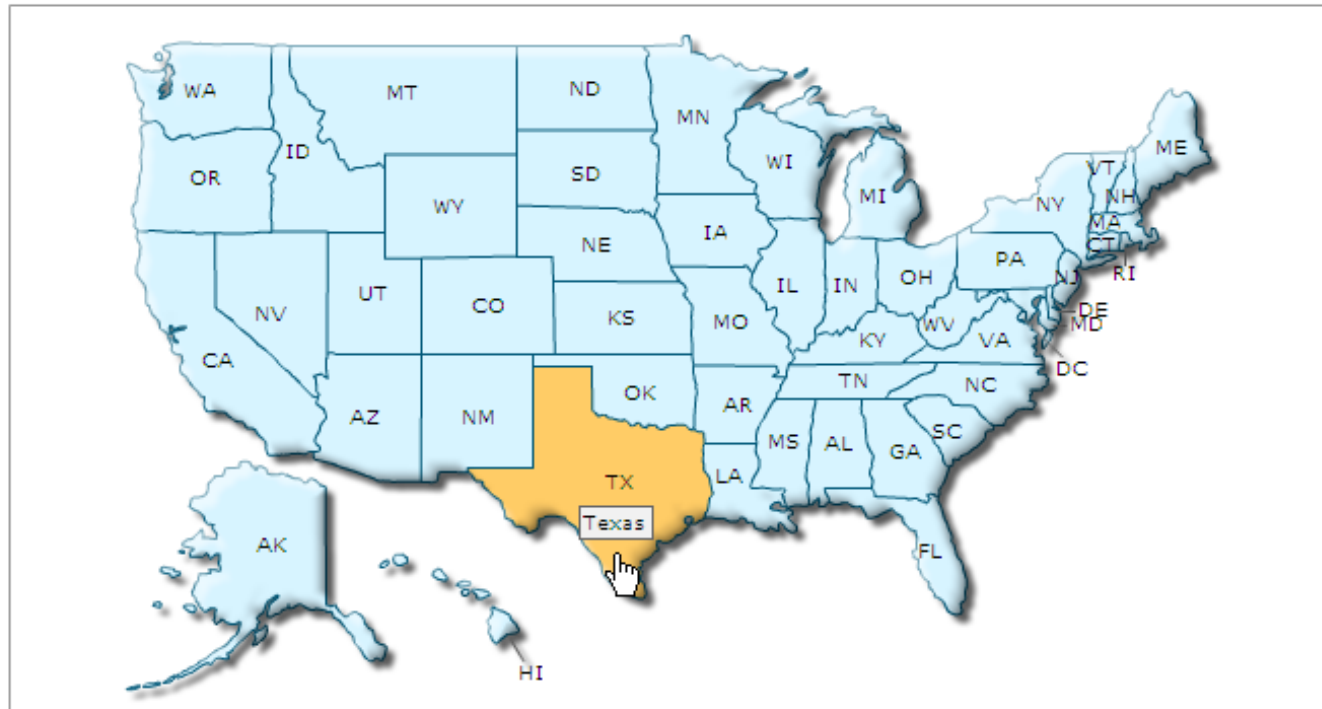
**Michael T. Harrington**, 44, of Lee's Summit, Mo., was sentenced by U.S. District Judge Dean Whipple this afternoon to three years and one month in federal prison without parole. The court also ordered **Harrington** to pay \$593,549 in restitution.

**Harrington** was employed as a supervisory accountant at GSA. On Feb. 24, 2009, **Harrington** pleaded guilty to stealing \$593,549 between May 9, 2006, and May 5, 2008, while he was employed at the GSA office at 1500 E. Bannister Rd., Kansas City. **Harrington** admitted that he created 13 government refund payment vouchers made payable to the MWR Fund, a fictitious business entity he created, and directed the checks to be deposited into the fund's bank account.



<http://www.gsaig.gov/index.cfm/suspension-and-debarment-listed-by-state/>

#### State Sites with Excluded Vendor Information



Interactive  
Map



## Site Search

Quick Start for:

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## State Purchasing

### e-Services

[Portal Login to Vendor Performance Tracking System](#)

### Resources

[Vendor Performance Codes](#)

[Vendor Performance Form Instructions](#)

[Vendor Performance FAQ](#)

[Debarred Vendor List](#)

## Debarred Vendor List

[Resources](#)

Vendors debarred from doing business with the State of Texas, effective from the Date of Debarment for the length of time indicated:

View the [printable list](#)

### Related Links

[CMBL Search](#)

[Vendor Guide \(PDF\)](#)

[Vendor Advocacy Committee \(VAC\)](#)

Vendor ID Number	Vendor Name/Address	Date of Debarment	Length of Debarment
17601350246	Blast Incorporated 1208 Iowa Street South Houston, TX 77587	November 2, 2009	6 Years
14319583135	Blue Moon Solutions, Inc. 12117 Bee Caves Rd. Suite 180 Austin, TX 78738	December 20, 2007	5 Years
17603361605	Daystar Residential, Inc. 3926 Bahler Manvel, TX 77578	May 17, 2011	5 Years
11343506066	DBuilders2 LLC. PO Box 248 Mansfield, TX 76063	September 19, 2011	5 Years
1311799583000	Fine Line Products 5533 Glasgow Place Columbus, Ohio 43235	October 15, 2009	5 Years
16114778208	Robopack Systems Corporation 10836 Grissom Lane Ste. 110 Dallas, TX 75229	December 11, 2009	3 Years
12001717417	Spartan Filtration dba: New Life Environmental, Inc. 1461 Avilla Drive Perris, CA 92571	November 2, 2007	5 Years

## Silvers Sold Counterfeit Smoke Detectors Before

Submitted by Jennifer Mayerle - [email](#)



ATLANTA (CBS ATLANTA) - Atlanta News has uncovered the company that sold the fake smoke detectors to the Atlanta Fire Rescue Department had done it before.

Before Silver Sails sold counterfeit smoke detectors to Atlanta, they sold fakes to the federal government. Owners Bob and Judie Silver plead guilty in that case.

The Silvers won a bid to provide smoke detectors to General Services Administration in 2004. That's the federal government.

"GSA purchased over 20,000 of these smoke alarms," said GSA Inspector General Brian Miller. The smoke detectors were sent to various federal offices around the country. But soon after receiving them, Miller said they realized there was a problem.

## Atlanta's Department of Procurement will change policy after CBS Atlanta News Investigation

Posted: Jun 09, 2011 4:57 PM EDT

Updated: Nov 08, 2011 7:15 PM EST

By Jennifer Mayerle - [email](#)

ATLANTA (CBS ATLANTA) - CBS Atlanta's Jennifer Mayerle uncovered a five minute search on the Internet could have saved the Atlanta Fire Rescue Department from buying more than 18,000 counterfeit smoke detectors. The exclusive investigation led to the recall. And it prompted an internal investigation in the Department of Procurement.

"I think we've got to do a better due diligence," said Adam Smith, Chief Procurement Officer for the city of Atlanta.



# Google for past problems



## Possible Searches

- ❖ Company Name + Law Suits + Litigation
- ❖ Company Name + Bankruptcy

Archive site:

<http://www.archive.org/web/web.php>



The Wayback Machine

Take Me Back

[Advanced Search](#)



November 13, 2001

**Kenneth L. Lay**  
*Chairman and  
Chief Executive Officer*

**Enron Corp.**  
*1400 Smith Street  
Houston, TX 77002-7361  
713-853-6773*

*P.O. Box 1188  
Houston, TX 77251-1188  
Fax 713-853-6313  
klay@enron.com*

Dear Sir or Madam:

Enron Corp. ("Enron") believes in conducting its business affairs in accordance with the highest ethical standards. As outlined in Enron's Code of Ethics, employees of Enron and its subsidiaries are required to comply with Enron's Business Ethics Policy which requires an employee to conduct himself/herself in a manner which is not detrimental to the best interests of Enron and which does not bring to the employee financial gain separately derived as a direct consequence of his/her employment with Enron. Further, Enron's Business Ethics Policy states that no lavish entertainment or gifts are to be given or received by Enron employees for special position, price, or privilege.

Not only is it incumbent upon our employees to follow this policy, but your cooperation in respecting these standards is also critical. Enron expects each of its vendors and contractors to maintain adequate records that document its work relationship with Enron. Enron's auditing department will routinely conduct business ethics compliance audits of certain vendors and contractors with whom Enron does business. Your recognition of our ethical standards allows Enron employees to work with you via arm's length transactions and avoids potentially embarrassing and unethical situations. If you ever become aware of variances from our policy, please advise:

James V. Derrick, Jr.  
Executive Vice President  
and General Counsel  
(713) 853-5550

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anonymously  
to:

Enron Compliance Officer  
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Conduct of Business Affairs  
PO Box 1188  
Houston, Texas 77251-1188  
or  
the anonymous telephone line:  
(713) 853-7294  
or  
the anonymous e-mail address:  
ochairm@enron.com

Your business relationship is important to us, and we look forward to maintaining that relationship with you.

Very truly yours,

# Compliance vs. Getting it Done



"IS SHE GOING TO SIT IN ON ALL OUR BOARD MEETINGS FROM NOW ON?!"

IDIQ=Indefinite Delivery, Indefinite Quantity  
BPA=Blanket Purchase Agreement





*"Look, I can't promise I'll change, but I can promise I'll pretend to change."*

CN  
COLLECTION





Homeland Security and  
Governmental Affairs Subcommittee  
SD-342

SENATOR McCASKILL  
CHAIRMAN

# Thank You!

**Brian D. Miller**

**Navigant**

**(202) 481-7377**

**Brian.Miller@navigant.com**

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